

**MINUTES OF THE STANDING COMMITTEE  
ON RETIREE HEALTH CARE REFORMS**

**Thursday, January 17, 2008 10:30 a.m. Room 521 House Office Building, Lansing**

Representative Meadows, Chair, called the meeting to order.

**MEMBERS PRESENT: Representatives Meadows, Coulouris, Spade, Alma Smith, Valentine, Wenke, Calley, Knollenberg, Moss.**

**ABSENT/EXCUSED: Representative Johnson.**

Representative Knollenberg made a motion to adopt the minutes of the meeting of January 10, 2008. No objections being offered, absent members were excused.

Representative Spade made a motion to excuse absent members. No objections being offered, absent members were excused.

Bob Kopasz and Alvin Whitfield and Duane Marlan, representing the State Employees Retirees Association (SERA), spoke to the Committee regarding the state's unfunded liability for other post employment benefits. Topics reviewed included: the lack of adjustment in pension benefits to retirees; the current retiree health care plan; concerns and questions regarding HB 5545; SERA participation in the development of and changes to the retiree health insurance plan; and the shift of state retirees' OPEBs to the Office of Retirement Systems (ORS).

Phil Stoddard, representing the Office of Retirement Services, and Alan Sonnanstine, representing Gabriel, Roeder, Smith and Company, reviewed the issue of Retiree Health Benefits and funding issues facing the state of Michigan. Among topics discussed were: the lack of investment income to help pay the costs of retiree health benefits; the increase in costs as a result of an escalating number of retirees and health inflation outpacing general inflation; and the lack of pre-funding contributions for retiree health care. Information was provided regarding public school funding valuations; retiree health care expenditures; 2006 potential unfunded accrued liability and Annual Required Contribution (ARC) s; 2007 CAFR annual expenditures; MPSERS and GASB compliant valuation full actuarial funding; full actuarial funding vs. cash funding; PA 110 of 2007 (public school recent reforms); public schools costs after PA 110 of 2007; public school retiree health cost projections; and solutions and observations.

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Subsequent to discussion, Chair Meadows declared the meeting adjourned, the time being 11:57 a.m.

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Representative Mark Meadows, Chair

Catherine Petroskey, Committee Clerk  
(517) 373-8538